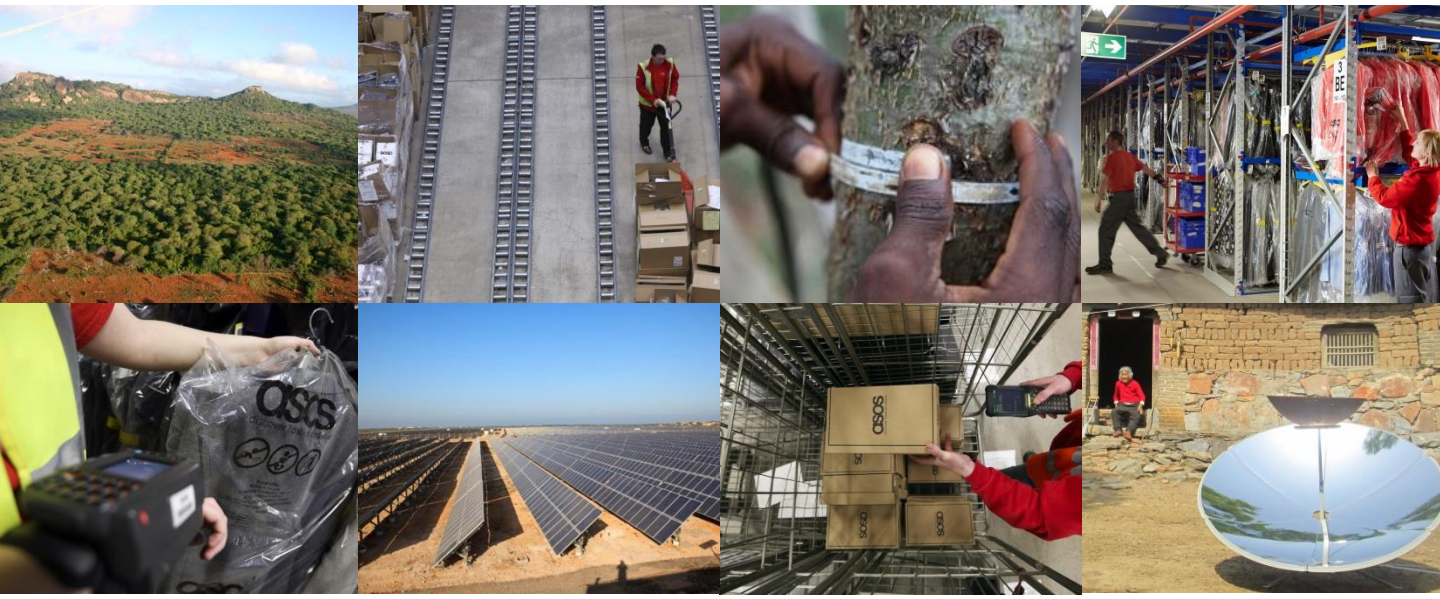


ASOS
GREENHOUSE GAS REPORT
2015/16

PRODUCED BY

carbon smart

FOREWORD BY CEO NICK BEIGHTON

"I'm fully committed to ensuring Fashion with Integrity continues to provide the framework for how we do business at ASOS as our global operations continue to expand rapidly"

Nick Beighton, Chief Executive Officer

At ASOS we believe in growing our company in a sustainable way. That's why our 'Fashion with Integrity' programme epitomises our approach to business. The strategy sets out how ASOS will make a positive contribution to raising standards within the fashion industry in the field of environmental protection but also other areas such as human and labour rights and business integrity. Our Corporate Responsibility and Sourcing teams are working hard with all areas of the business to ensure that Fashion with Integrity is embedded in the fabric of ASOS and I'm fully committed to ensuring Fashion with Integrity continues to provide the framework for how we do business at ASOS as our global operations continue to expand rapidly.

In 2015 I signed off a new carbon strategy 'Carbon 2020' which defines how ASOS, through the delivery of 6 big ambitions, plans to meet its goal to reduce carbon intensity (grams of carbon dioxide per customer order) year on year to 2020. The 6 key ambitions defined in the Carbon 2020 strategy focus on reducing emissions relating to customer deliveries/returns; packaging and business travel as well as reducing energy consumption and increasing renewable energy usage. This report outlines some of the steps that we have already taken towards reaching this goal; however we are aware that we still have opportunity to improve further as we look to the future. We remain committed to do this.

Nick Beighton
Chief Executive Officer, ASOS

INTRODUCTION BY DIRECTOR OF CORPORATE RESPONSIBILITY LOUISE McCABE

"We believe that with increased knowledge and transparency in this area, we are in a position to make decisions to change the trajectory of our emissions growth"

Louise McCabe, Director of Corporate Responsibility

ASOS's Carbon 2020 strategy builds on our commitment to the aims and principles of the UN Global Compact (of which ASOS has been a signatory since 2012) and the 2030 Sustainable Development Goals.

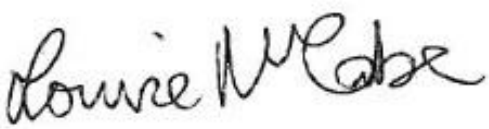
We recognise that climate change is one of the greatest challenges facing business and people around the world. Over the medium and long term it is our customer base of 20-something customers and the many people working in our global supply chains who will feel the negative effects soonest, unless rapid action is taken to limit carbon emissions. We are also aware that customers, employees and other stakeholders are looking for greater transparency in how social and environmental impacts are calculated and reported. For this reason we have significantly increased the depth of our greenhouse gas reporting by changing the methodology of our customer delivery assessment for greater accuracy, including customer returns, inbound and inter-site stock transportation for the first time.

Although our carbon footprint continues to grow overall as a result of continued business growth and additional measurements, there has been a decrease in carbon intensity of our direct business operations over two consecutive years. Following detailed energy saving audits across all sites, we have invested in infrastructure to maximise energy efficiency.

We are setting out on a journey towards self-generation of electricity at our distribution hubs.

We have also carried out analysis of our inbound and outbound carrier emissions, country by country, to identify carbon 'hot spots'. This supports business decision-making, such as the location and size of global distribution hubs, ensuring we address emissions at a systemic level. We engage closely with our carrier partners, seeking to be as efficient and innovative as possible.

In this report, we have lifted stones to identify the true carbon impact of our operations. We believe that with increased knowledge and transparency in this area, we are in a position to make decisions to change the trajectory of our emissions growth. We hope that customers and other stakeholders will recognise ASOS as a responsible company that is actively working to minimise the negative environmental effects of the fashion industry.



Louise McCabe
Director of Corporate Responsibility, ASOS

INTRODUCTION BY MANAGING DIRECTOR OF CARBON SMART BEN MURRAY

"ASOS has made excellent progress in improving the accuracy of its environmental reporting. The 2015/16 boundary is now more reflective of ASOS's environmental impact and provides a robust baseline upon which to measure future performance"

Ben Murray, Managing Director of Carbon Smart

Carbon Smart are very proud to have worked with ASOS on a range of exciting sustainability projects over the past few years. Having initially conducted energy audits at key sites across the UK to identify energy efficiency opportunities, we subsequently worked with ASOS to appraise renewable technology options at their new distribution hub in Germany. Time and time again, we have seen ASOS embrace our recommendations and run with them.

We first calculated the carbon footprint of ASOS in 2015, identifying a number of improvements that could be made to ensure its carbon footprint is as reflective of the organisational impact as possible. We've since worked with ASOS and its carrier partners, to implement these changes. This has broadly resulted in two changes to the 2015/16 report.

Firstly, the boundary for this years carbon footprint has been broadened. ASOS has reported delivery emissions for several years, however also included for the first time this year are the emissions emanating from the inbound and inter-site transportation of goods as well as the transportation of returned goods.

Secondly, the methodology used to calculate emissions, particularly transportation emissions, has been significantly improved and brought in line with reporting best practice. For example ASOS is now including radiative forcing, which accounts for the increased impact of greenhouse gases at altitude, in aviation emissions for the first time.

So what does all this mean for the total carbon footprint? The most significant change for 2015/16 is the increase in total emissions, up 329% on 2014/15 to 207,650 tCO_2e. Taken at face value this a substantial increase but is in fact indicative of the major reporting improvements made by ASOS. Building emissions, for example, have actually decreased by 8% on 2014/15 levels, which demonstrates the progress made by ASOS in reducing energy consumption. We thoroughly believe that ASOS should be commended for ensuring the 2015/16 carbon footprint is the most thorough and comprehensive assessment of its environmental impact to date.

Looking forward, the emissions reduction targets that ASOS has set are ambitious and underline the organisations commitment to improving the sustainability of its operations. In this report, ASOS now have a robust and accurate baseline upon which future performance can be tracked.

Ben Murray
Managing Director, Carbon Smart

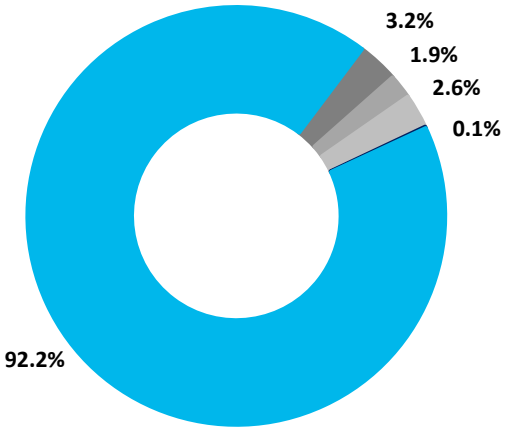
CARBON FOOTPRINT 2015/16

207,650

tCO_2e

5.27

$kgCO_2e$ per customer order



54.7

tCO_2e per employee

143.7

tCO_2e per £m

+329%

Increase on 2014/15

2015/16 has been a year of significant change for ASOS's carbon reporting, evidenced by a 329% increase in emissions on 2014/15. ASOS has revised the methodology used to calculate various scope 3 emissions sources (scope 3 are indirect emissions from sources not operated by ASOS). For example inbound and inter-site transportation of goods and customer returns are included for the first time whilst the methodology used to calculate delivery emissions has also been revised. Scope 3 emissions have therefore increased by 380% in total.

As an online retailer, the transportation of goods makes up the majority of ASOS's carbon footprint. Accurately accounting for these is the first, crucial step in improving transparency and reducing ASOS's environmental impact. With an accurate baseline, ASOS can now track progress over time. Further detail on transportation of goods emissions can be found on pages 6-7.

Scope 3 emissions aside, ASOS's carbon footprint is composed scope 1 emissions, direct emissions from sources controlled by ASOS (e.g. gas), and scope 2 emissions, indirect energy emissions from sources not controlled by ASOS (e.g. electricity). Scope 1 and 2 emissions emanate from ASOS's buildings and have fallen by 11% and 10% respectively. This demonstrates the progress ASOS has made in improving energy efficiency at key sites.

In summary the 329% increase in total emissions, is indicative of the substantial methodological revisions ASOS has employed in 2015/16, which represents a new, more accurate baseline for ASOS to measure performance against.

Scope 1 – 778 tCO_2e	**-11%**
Scope 2 – 4,882 tCO_2e	**-10%**
Scope 3 – 201,990 tCO_2e	**+380%**

TRANSPORTATION OF GOODS

191,640 tCO_2e

92.3% of total carbon footprint

Inbound
22,985 tCO_2e

Suppliers

Inter-site
16,354 tCO_2e

Inter-site transportation

Deliveries/returns
152,301 tCO_2e

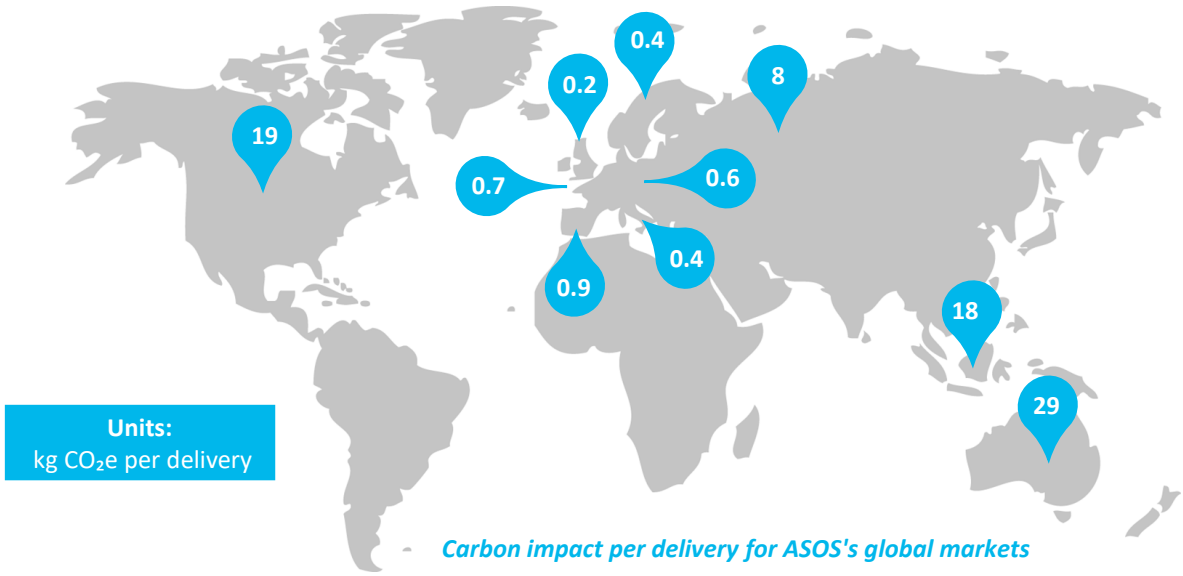
Customer deliveries and returns

ASOS's in depth engagement with carrier partners has revealed the carbon impact of the transportation of goods is influenced by a range of different factors such as delivery options, journey length and returns volumes. For example it was discovered that faster delivery options tend to be more carbon intensive than standard delivery options due the requirement for faster modes of transport (i.e. air travel).

This engagement has vastly improved ASOS's understanding of emissions hotspots within the delivery network, which in turn will support ASOS's future business decision making.

When it comes to the opening of regional distribution hubs, it is now possible for ASOS to identify optimal locations for hubs based on the likely reductions in carbon emissions.

The methodological revisions implemented in 2015/16, and the addition of inbound, inter-site and returns emissions, has increased total emissions from the transportation of goods by 442%. This improved transparency will provide ASOS with a more accurate view of the environmental impact and allow the measurement of the success of future emission reduction projects in this area.



Carbon impact per delivery for ASOS's global markets

TRANSPORTATION OF GOODS CASE STUDY

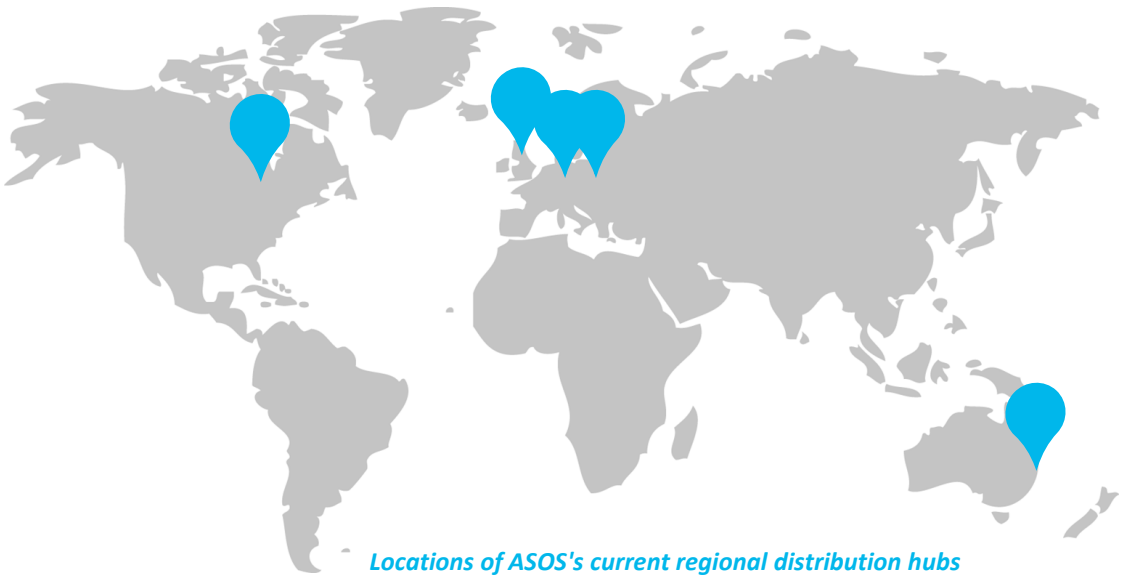
"We have worked to increase our understanding of our delivery emissions. A low emissions network allows ASOS to protect the environment, save money and grow the business sustainably"

Adam Scholes, Delivery Solutions Manager

ASOS deliver to customers in 240 countries and territories around the globe. With over half of sales being delivered to destinations outside the UK, it is increasingly important that ASOS can deliver quickly, conveniently and reliably anywhere in the world.

In 2010 ASOS opened a state-of-the-art distribution hub in the UK in Barnsley, South Yorkshire. However as the company has grown and international reach has increased, ASOS has invested money into regional distribution hubs. Not only has this improved the delivery offering, it has also reduced the distance travelled by stock and customer orders, so carbon emissions relating to customer deliveries have been reduced as a result. Regional distribution hubs are now open in the Germany and the US. Over 50% of total EU orders are now despatched from the distribution hub in Germany and the US hub consistently fulfils over 25% of US orders.

A recent project has been undertaken to improve the methodology of calculating the emissions relating to customer deliveries and returns. By thoroughly mapping the network of third-party carriers that deliver orders, ASOS has increased understanding of which delivery/returns routes and options (i.e. standard vs. fast delivery option) are the most carbon intensive. The findings of this project will allow ASOS to work closely with the carriers which cover the most carbon intensive routes and engage them in regards to minimising carbon emissions. In addition it will allow for better informed decision-making in regards to the location of future regional hubs as the impact of a new hub on the carbon intensity of particular delivery routes can be assessed.



Locations of ASOS's current regional distribution hubs

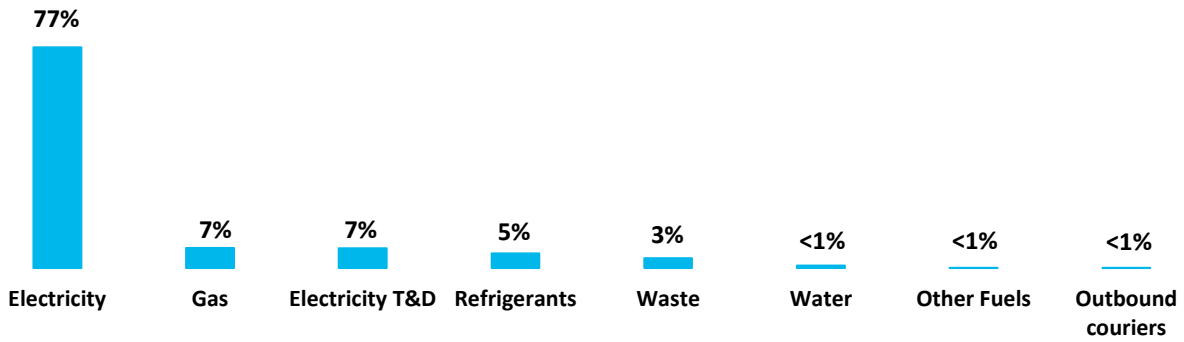
BUILDINGS

6,367

tCO_2e

3.1%

of total carbon footprint



ASOS used the same methodology and scope to calculate building related emissions in 2015/16 as in previous years. ASOS has seen an 8% decrease in absolute emissions from its sites this year compared to 2014/15.

There has been a significant reduction in electricity use at key sites including the Head Office in London and the distribution hub in Berlin. These changes have been driven by efficiency improvements as well as a decrease in both the UK and German electricity emission factors (which are a reflection of the intensity of grid electricity).

There have also been large reductions in gas consumption at the Head Office and both the Barnsley and Berlin distribution hubs. These reductions reflect both efficiency improvements and the impact of a milder winter (where buildings used less heating and thus less gas was used).

ASOS is dual reporting scope 2 electricity emissions in 2015/16. The emissions included within this report are 'location-based' emissions, which reflect the emissions intensity of national grids. These figures are used as they allow for a historical comparison. 'Market- based' emissions, which are 17% higher, reflect the intensity of the electricity ASOS actually use. ASOS will continue to explore renewable energy options, including self generated renewables, globally.

The reductions in total building emissions reflect substantial efforts to improve energy efficiency at key sites – a trend that ASOS aims to continue in 2016/17.

27%

OFFICES

1,697

tCO_2e

63%

DISTRIBUTION HUBS

4,670

tCO_2e

BUILDINGS CASE STUDY

"Energy audits helped us identify how to improve our energy efficiency. At Barnsley, we made LED lighting a key area for investment and completed the works less than a year after the initial energy audit took place"

Jessica Blincow, Corporate Responsibility Advisor

ASOS has five sites across the UK; the Head Office in Camden, London, a smaller IT office in Birmingham, the main distribution hub in Barnsley, a data centre in London Docklands and a customer care department in Hemel Hempstead. As part of the UK government's 'Energy Saving Opportunities Scheme' (ESOS), ASOS measured 100% of its UK energy consumption and identified energy efficiency opportunities.

ESOS audits were performed at the Head Office, the data centre and the main distribution hub. The audit at Barnsley revealed that lighting accounted for more than 3 million kWh (34%) of total electricity consumed on site. With the hub operating 24 hours a day, 365 days a year, and with a footprint of eight football pitches, the savings identified from an upgrade in lighting to efficiency LED alternatives, resulted in significant cost, energy and carbon savings.

Following the sign off of a detailed business case, work to replace all 7,013 lights on site began in June 2016 and took 8 weeks to complete.

The findings of ASOS's ESOS report complemented the existing work that ASOS is carrying out to reduce the environmental impact of its buildings. For example ASOS recently commissioned a survey to assess renewable energy generation options at the new distribution hub being built outside Berlin, Germany. The study found that ASOS could generate half of their electricity demand from on-site low carbon sources. ASOS is now working with the developer to alter the roof structure to accommodate a solar PV installation.

ASOS will continue to investigate how it can use its buildings more efficiently and explore opportunities for self generation of electricity.

LED's at ASOS's Barnsley distribution hub

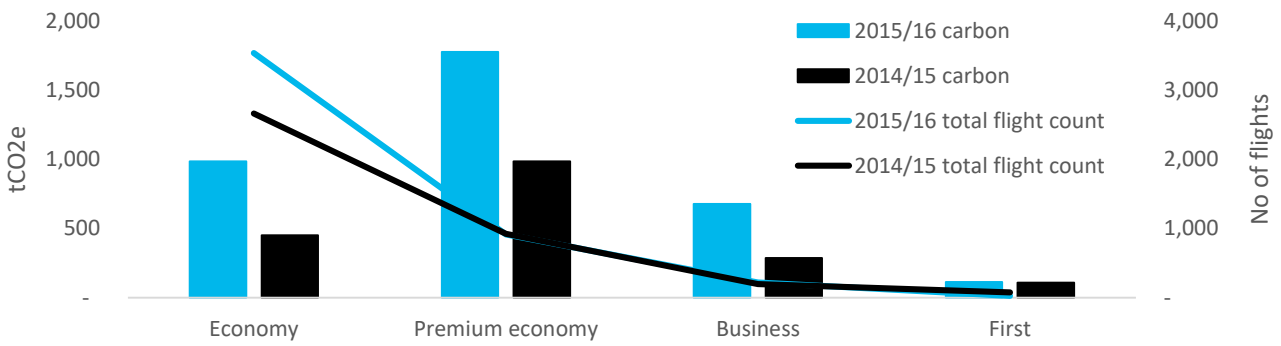
BUSINESS TRAVEL

3,902

tCO_2e

1.9%

of total carbon footprint



ASOS's total flights vs carbon: 2015/16 vs 2014/15

ASOS has made a significant change to the reporting methodology used to calculate flight emissions for 2015/16. ASOS now follow Defra best practice and account for radiative forcing within flight emissions. Radiative forcing accounts for the higher impact of greenhouse gases when they released at altitude and thus the emission factors used for 2015/16 reporting are significantly higher.

Consequently ASOS's total emissions from flights, which account for the majority of business travel emissions, have increased by 94% on 2014/15. By way of comparison ASOS's total flights taken have only increased by 22%.

Aside from flights, ASOS's business travel also includes cars (employee expensed mileage), trains, taxis and hotel stays.

There has been increases in both employee expensed mileage and hotel stays in 2015/16, which reflects business growth. The methodology used to calculate train and taxi emissions has improved in 2015/16 and thus there have been significant reductions in these emissions sources.

Moving forward ASOS will continue to measure business travel emissions following reporting best practice and will keep business travel to a minimum.

CARS	FLIGHTS	TRAINS	HOTELS	TAXIS
25	**3,554**	**65**	**247**	**11**
tCO_2e	tCO_2e	tCO_2e	tCO_2e	tCO_2e

BUSINESS TRAVEL CASE STUDY

"REDD+ brings a positive change with direct solutions for poverty alleviation that uplifts our community. Carbon money helps us meet basic needs and improves lifestyles. The money is earned via conservation activities that help us protect our environment"

Chief Kizaka, Retired Chief of Kasigau region

ASOS has implemented a travel policy for employees to reduce the emissions relating to business travel. There is also considerable investment being made in ASOS offices to encourage video conferencing and agile working so travel is limited. Inevitably some business travel does take place so to counteract these emissions ASOS has invested over £84,000 (2015-2018) in carbon offsets from projects in developing countries (see below).

Although ASOS does not measure employee commuting as part of the scope of the company's carbon emissions, there are schemes in place to reduce the impact that employee commuting has on the environment. ASOS offers employees the option to take an interest free loan to buy a season ticket to encourage the use of public transport.

ASOS also offers those working in Hemel Hempstead or Barnsley membership to a Liftshare scheme. Employees can safely, quickly and easily find drivers and passengers to share with via a mobile phone app that also provides public transport information. In 2015-2016, 1.3 tonnes of carbon dioxide was saved by participation in the Liftshare scheme. This was the first year of its launch so ASOS is confident that going forwards it can achieve even greater savings.

Kasigau corridor REDD+ in Kenya

The Kasigau Corridor is an area of tropic forest situated in the Taita Taveta District, Kenya. The project in Kasigau Corridor aims to prevent unplanned deforestation and degradation of tropical forests. This reduces CO_2 emissions by protecting the tropical forest (which acts as a natural carbon sink) that would likely be deforested to make way for agricultural land if they were not protected.

Kasigau corridor in Kenya

Indian renewable portfolio

ASOS has been involved in developing a portfolio of renewable energy (wind, solar etc.) projects that produce energy without carbon emissions. The renewable energy is directed to India's national grid. India's local air quality is improved and waste generation is reduced because the reliance on coal-fired power plants is reduced.

A hydro project in India

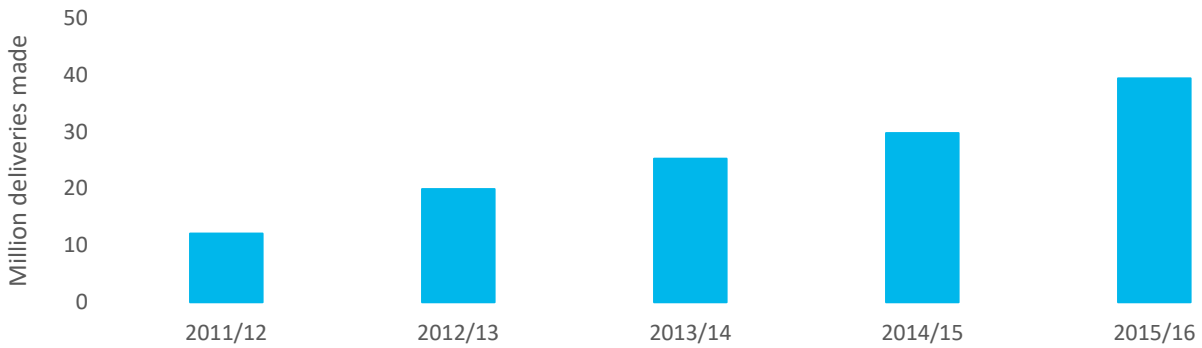
PACKAGING

5,495

tCO_2e

2.6%

of total carbon footprint



ASOS has been reporting on mailing packaging emissions since 2013/14. Inevitably, as ASOS grows, and the business fulfils more customer deliveries, the quantity of packaging required to fulfil those deliveries also increases, therefore ASOS aims to be innovative in the way it packages items.

The total number of items delivered in 2015/16 was just under 40 million, up over 220% on 2011/12. Emissions however have not increased by the same magnitude as total deliveries. Packaging emissions in 2015/16 were up just 8% on 2013/14 levels, despite deliveries made increasing by 56% over this time. This reflects ASOS's efforts to ensure packaging is as sustainable as possible.

100% of the cardboard used to package goods is now from recycled sources whilst 25% of the plastic ASOS uses to package goods is sourced from recycled materials. UK packaging has been bought in line with international standards which means ASOS has increased the number of categories where customers can have goods sent in plastic bags, rather than cardboard boxes.

ASOS continues to explore the most effective solutions for packaging in order to minimise the environmental impact.

2,116
tonnes of cardboard

100%
recycled cardboard

1,090
tonnes of plastic

25%
recycled plastic

PACKAGING CASE STUDY

"We are pleased with the uptake of loose loading by our carrier partners. Removing lorries from roads reduces air pollution and carbon emissions. We hope to roll this scheme out to all distribution hubs so benefits are also felt in Germany and USA"

Jonathan O'Hara, Logistics Manager

ASOS is continuously reviewing how customer parcels are packaged and ways to increase the number of parcels that can be transported in a single journey by a carrier. In order to utilise space in lorry trailers, ASOS has encouraged a change in the way parcels are packaged for despatch.

Traditionally parcels for despatch are packaged on a pallet and then loaded into the lorry trailer however since July 2016, carriers have been encouraged to shift towards loading parcels loose in the trailer. This means that the pallet packaging for approximately 40 pallets per day is no longer needed (saving 14 metres of plastic wrap per pallet) and each lorry on average can transport an additional 8,000 parcels.

Due to this change, 14 to 20 lorries have been removed from the road each week. ASOS is continuing with this programme in the future and is hoping that all carriers will adopt the loose load system.

ASOS is also currently undertaking a review of the mailing bag and mailing box design to look at how air fill can be reduced. By reducing the volume of air that is 'trapped' in a parcel around the customer order, ASOS will be able to not only reduce the size of the packaging required (saving on packaging materials) but also increase the number of parcels that can be loaded into a single lorry trailer (decreasing the number of lorries on the roads).

Examples of the cardboard and plastic mailing packaging used by ASOS

This report has been produced for ASOS by Carbon Smart, an independent sustainability consultancy working with private and public organisations globally on the environmental and social agenda.

Carbon Smart calculated ASOS's GHG emissions in accordance with the requirements of the World Resources Institute 'Greenhous Gas Protocol (revised version)', 'Environmental Reporting Guidelines: including mandatory greenhouse gas emissions reporting guidance' (Defra, 2013) and ISO 14064 – part 1.

This work is partially based on the country-specific CO_2 emission factors developed by the International Energy Agency, © OECD/IEA 2016 but the resulting work has been prepared by Carbon Smart and does not necessarily reflect the views of the International Energy Agency.

For further information please visit www.carbonsmart.co.uk
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If you have any questions about this report, please email cr@asos.com

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